

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02

USIA-15 PRS-01 SP-02 EB-07 AID-05 COME-00 TRSE-00

OMB-01 OFA-01 DLOS-04 /056 W
----- 114393

R 291610Z JUL 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 9437

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

AMEMBASSY BRASILIA

AMEMBASSY ASUNCION

AMEMBASSY SANTIAGO

USCINCSO FOR POLAD

AMEMBASSY LIMA

UNCLAS MONTEVIDEO 2554

E.O. 11652: N/A

TAGS: PFOR, EAIR, ECON, UY, BL

SUBJECT: BANZER VISIT TO URUGUAY

REF: MVD 2324

1. SUMMARY: BOLIVIAN PRESIDENT BANZER CONCLUDED A SUCCESSFUL VISIT TO URUGUAY WITH THE SIGNING OF SEVERAL AGREEMENTS INCLUDING THOSE COVERING AIR TRANSPORT, RECIPROCAL TRADE, AND USE BY BOLIVIA OF FREE ZONES AND PORT FACILITIES IN URUGUAY. BANZER RECEIVED A WARM OFFICIAL WELCOME FROM URUGUAYAN AUTHORITIES AND THE VISIT WAS MARKEDLY CORDIAL. END SUMMARY.

2. PRESIDENT BANZER'S VISIT, THE FIRST FOR A BOLIVIAN HEAD OF STATE TO URUGUAY, AND THE FIRST OF ANY HEAD OF STATE TO THIS CAPITAL SINCE THE LATE PRESIDENT OF ARGENTINA, JUAN DOMINGO PERON CAME HERE IN NOVEMBER 1973, WAS MARKED BY LAVISH POMP AND CEREMONY WHICH FILLED MOST OF THE 72-HOUR STAY. SEVERAL AGREEMENTS, INCLUDING BILATERAL AIR TRANSPORT ACCORD, WERE SIGNED SHORTLY
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BEFORE BANZER'S DEPARTURE JULY 26.

3. OF THESE AGREEMENTS, THE RECIPROCAL TRADE ACCORD IS PROBABLY REGARDED BY URUGUAY AS THE MOST IMPORTANT DOCUMENT. APPLYING THE LAFTA NON-EXTENSIVE PREFERENCES MECHANISM, WHICH PERMITS THE LESS DEVELOPED LAFTA MEMBERS TO BE GIVEN TRADE CONCESSIONS, THE AGREEMENT CALLS FOR TARIFF REDUCTIONS ON A LENGTHY LIST OF EACH COUNTRY'S PRODUCTS. IN ADDITION, IT PROMOTES DIRECT PURCHASES BY STATE ORGANIZATIONS OF PRODUCTS OF INTEREST TO BOTH COUNTRIES. A UNIQUE FEATURE OF THIS ACCORD IS THE ESTABLISHMENT OF PROCEDURES TO CORRECT TRADE IMBALANCES BETWEEN THE TWO COUNTRIES THROUGH INCREASED PURCHASES BY STATE AGENCIES OF THE COUNTRY WITH A TRADE SURPLUS.

4. BOLIVIA WAS OFFERED FREE ZONES AND PORT FACILITIES IN URUGUAY. WITHIN THE FREE ZONES BOLIVIA WILL BE PERMITTED TO INSTALL AND OPERATE INDUSTRIAL PLANTS AND FINISH OR SEMI-FINISH BOLIVIAN EXPORT AND IMPORT GOODS, UPON APPROVAL OF ENABLING LEGISLATION BY THE GOU.

5. THE AVIATION AGREEMENT, APPARENTLY CONSIDERED THE MOST IMPORTANT OF THE ACCORDS BY BOLIVIA, ALLOWS EACH COUNTRY TO NAME ONE OR MORE OF ITS AIRLINES TO OPERATE BETWEEN URUGUAY AND BOLIVIA AND LOAD AND UNLOAD INTERNATIONAL PASSENGERS, CARGO AND MAIL DESTINED FOR THE OTHER COUNTRY. EACH COUNTRY'S AIRLINE WILL HAVE THE RIGHT TO USE THE INSTALLATIONS AND SERVICES OF THE AIR FIELDS OF THE OTHER. IT IS EXPECTED THAT THE BOLIVIAN AIRLINE WILL BEGIN OPERATIONS IN URUGUAY IN THE VERY NEAR FUTURE. (FOR AVIATION OFFICE EB/AV: IN VIEW GOU INTEREST IN RENEGOTIATING U.S.-URUGUAY AVIATION TREATY, EMBASSY WILL OBTAIN AND FORWARD SOONEST COPY OF AVIATION AGREEMENT.)

6. A JOINT COMMUNIQUE ISSUED BY THE TWO PRESIDENTS, REITERATED BOLIVIA'S OFTEN-STATED NEED FOR ACCESS TO THE SEA. PRESIDENT BORDABERRY, ON BEHALF OF URUGUAY, PLEDGED CONTINUED SUPPORT FOR CONSTRUCTIVE APPROACHES TO THE SOLUTION OF THIS PROBLEM.

7. IN SPEECHES AT THE SIGNING CEREMONY BOTH BANZER AND BORDABERRY REFERRED TO THE NEED FOR ACTION AGAINST SUBVERSIVE ORGANIZATIONS. BORDABERRY STATED THAT URUGUAY WOULD RESPOND TO SUBVERSION WITH WORKS OF PEACE. HE CHARACTERIZED SUBVERSION AS AN UNDECLARED WAR
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WITH A CRUEL AND HIDDEN ENEMY WHICH IS IDEOLOGICALLY FOREIGN, VIOLENT AND DESTRUCTIVE. BANZER REFERRED TO THE NEED TO COUNTERACT IDEOLOGICAL AGGRESSION, STATING HIS CONVICTION THAT IT IS "NECESSARY TO GO FORWARD WITH THE PROPOSALS TO STOP EVERY FORM OF IDEOLOGICAL AGGRESSION WHICH CONSTITUTE INTERVENTION IN INTERNAL AFFAIRS--WHICH PUT IN DANGER THE SOVEREIGNTY AND INDEPENDENCE AND THE RIGHT TO SELF-DETERMINATION OF PEOPLE. THIS TYPE OF INTERVENTION IS TRANSLATED INTO DEEDS WHICH ATTACK THE WILL OF OUR

PEOPLE TO GUIDE THEIR OWN DESTINY."

8. THIS OFFICIAL VISIT AND THE AGREEMENTS SIGNED BETWEEN THE TWO COUNTRIES MARK A FURTHER STEP IN THE POLICY OF URUGUAY TO BUILD WIDER REGIONAL POLITICAL/ECONOMIC COOPERATION UPON A SERIES OF BILATERAL AGREEMENTS. PRESIDENT BORDABERRY REMARKED, IN SIGNING THE AGREEMENTS, THAT ALTHOUGH THEY APPEAR TO BE MODEST, THEY WERE FIEST STEPS TOWARDS WIDER ECONOMIC COOPERATION IN THE REGION. THIS POSITION WAS ECHOED BY BANZER WHO CALLED FOR ECONOMIC INTEGRATION COMPLEMENTED WITH SOCIAL AND CULTURAL TIES.

9. WHILE MUCH OF THE VISIT WAS TAKEN UP WITH PROTOCOL EVENTS, BANZER, NEVERTHELESS, PROJECTED AN IMAGE OF A CAPABLE AND INTELLIGENT LEADER. ON THE LAST DAY OF HIS VISIT, HE FURTHER ENHANCED HIS IMAGE HERE AS ONE WHO IS MUY SIMPATICO, TAKING A 15 BLOCK, NOON-TIME STROLL, ALONG MONTEVIDEO'S MAIN AVENUE, WHERE HE WINDOW SHOPPED, DRANK COFFEE AND CHATTED WITH PASSERS-BY AND JOURNALISTS. BANZER REPORTEDLY WAS HIGHLY APPRECIATIVE OF THE HOSPITALITY AND FRIENDLINESS OF THE URUGUAYANS AND OBVIOUSLY ENJOYED HIS VISIT. THE PRESIDENT, ARMED FORCES COMMANDERS-IN CHIEF AND THE ENTIRE CABINET BADE HIM FAREWELL AT THE AIRPORT.

10. THE AMBASSADOR, WHO HAS KNOWN BANZER FOR NEARLY SIX YEARS, FOUND HIM LOOKING VERY FIT, WELL, OPTIMISTIC AND IN EXCELLENT SPIRITS; REALLY BEARING UP, IT WOULD SEEM, TO THE RIGORS OF GOVERNING BOLIVIA FOR THE PAST FOUR YEARS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CHIEF OF STATE VISITS, TRADE AGREEMENTS, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MONTEV02554
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750261-1208
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750713/aaaaalgr.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 MONTEVIDEO 2324
Review Action: RELEASED, APPROVED
Review Authority: hartledg
Review Comment: n/a
Review Content Flags:
Review Date: 13 JAN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 JAN 2003 by ThomasVJ>; APPROVED <22 JAN 2004 by hartledg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANZER VISIT TO URUGUAY
TAGS: PFOR, EAIR, ECON, OVIP, UY, BL, (BANZER SUAREZ, HUGO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006